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August 20, 2018

**Via ECFS – Notice of Ex Parte Communications**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, DC 20554

**Re: *Connect America Fund et al.*, WC Docket Nos. 10-90, 14-58, 07-135, and CC  
Docket No. 01-92**

Dear Ms. Dortch:

On August 16, 2018, Ken Pfister of Great Plains Communications, Wendy Thompson Fast of Consolidated Companies (collectively, NE A-CAM Companies), and I met with Jay Schwarz, Wireline Advisor to Chairman Ajit Pai, and also with Sue McNeil, Christian Hoefly, Ted Burmeister, Talmage Cox, and Jesse Jachman of the Wireline Competition Bureau regarding the *NPRM* in the above-referenced proceeding.<sup>1</sup>

During the meeting, we reiterated points made in prior NE A-CAM Companies' submissions in this docket, including the comments and reply comments filed in response to the *NPRM*. In particular, the NE A-CAM companies have consistently advocated that the Commission provide funding to A-CAM companies up to the original offer of \$200 per location. We stated that allocating an additional \$66 million annually to increase A-CAM funding up to \$200 per location is an appropriate, measured step towards advancing the Commission's goal to close the digital divide in rural areas, while having a minimal impact on consumers that support universal service.

The NE A-CAM companies suggested that as an additional justification for allocating an additional \$66 million annually to fund A-CAM companies up to \$200 per location, the Commission could view this as a way to provide the benefits of an inflation adjustment to the companies that elected to receive A-CAM support. The companies presented an analysis showing the effect of inflation on all rate-of-return companies from 2011 through 2026, based on their legacy support in 2011, historical inflation rates and projected inflation for the remainder of the period. They noted that it would be arbitrary to conclude that inflation is impacting only one subset of companies in the telecommunications industry and not other companies in the same industry.

The NE A-CAM Companies emphasized, however, that they are not asking the Commission to

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<sup>1</sup> *Connect America Fund et al.*, Report and Order, Third Order on Reconsideration, and Notice of Proposed Rulemaking, WC Docket No. 10-90 *et al.*, FCC 18-29 (rel. Mar. 23, 2018) (*NPRM*).

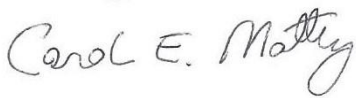
annually adjust model-based support levels based on inflation; support levels would remain fixed over the course of the A-CAM term. To the extent inflation in future years exceeds recent historical averages, the Commission could decide how best to allocate any excess over the requested \$66 million in additional annual funding.

The attached powerpoint presentation was distributed and discussed at both meetings. The NE A-CAM Companies also provided several real life examples of how their customers are benefiting from the broadband service now available to them.

In addition, the companies answered questions about their deployment to date and plans for future deployment. They reiterated the commitment made in their comments to provide some level of broadband service to virtually all of the reasonable request customers if funding is provided up to \$200 per location, and explained their business decision to deploy fiber deep into their network to replace deteriorated copper.

Please do not hesitate to contact the undersigned if there are questions regarding this submission.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carol E. Matthey".

Carol E. Matthey  
Principal  
Matthey Consulting, LLC

Attachment: "Funding A-CAM Up to \$200/Location Can Be Accomplished with Minimal Budget Impact"

cc: Jay Schwarz  
Sue McNeil  
Christian Hoefly  
Ted Burmeister  
Talmage Cox  
Jessie Jachman